

0610.02 Advice of Change Processing – *Post-Award*

Issued October 31, 2007

SUBJECT: Advice of Change Processing – Post-Award

APPLICATION: Executive branch departments and sub units.

PURPOSE: To outline the process for executing changes to contracts or purchase orders established for the purchase of commodities and services, including information technology (IT).

CONTACT AGENCY: Department of Management and Budget (DMB)
Business Services Administration
Purchasing Operations (PurchOps)

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SUMMARY: These procedures apply to the establishment and execution of contract change notices or purchase order advices of change. The contracts or purchase orders to be amended were established for the purchase of commodities, general and professional services and information technology products and services for the State of Michigan. These procedures are mandatory for Executive Branch Departments unless specifically provided otherwise by statute.

Only the PurchOps contract administrator, as designated by the Director of DMB Purchasing Operations, has the authority to take any action on behalf of the State of Michigan regarding requested changes, clarifications, or modifications to the contracts or purchase orders issued by DMB Purchasing Operations, or under their authority including, but not limited to:

- Terms or conditions of the contract
- Price, cost, or fees
- Quantity or quality of commodities and services
- Delivery schedule
- Key vendor personnel performing under the contract
- Or to issue stop work orders

Executive branch departments and sub-units shall: (a) assure that any amendments made to their contractual arrangements meet standards set by the Department of the Attorney General; (b) manage their amended contracts in a manner that is fiscally responsible; and (c) assure that vendors meet amended contractual obligations. Agencies also shall provide information concerning contract implementation and monitoring, incorporating any executed amendments to the Department of Management and Budget, Purchasing Operations at such times and in such forms as the Director shall require.

In addition, executive branch departments and sub-units proposing modifications to specified types of contracts, leases, grants, State land transactions, small claims settlements or certain other forms of disposal of State assets, prior to execution shall submit the proposed actions for approval by the State Administrative Board (see procedure 0620.01).

APPLICABLE FORMS AND PROCESSES:

- Procurement Initiation Letter (PRF)
- Risk Assessment Action Plan
- State Administrative Board Contract Abstract (SAB-811)
- Bid Tabulation (Bid Tab) Form Macro/Template
- Finance and Claims Agenda Format (OCM-810)
- Contract Change Notice Template
- MAIN Electronic Documents & Processes:
 - Purchase Order-PO (PCHL2340 or 2360)
 - Blanket Purchase Order-BPO (PCHL2342)
 - Direct Purchase Order – DPO (PCHL2360)
 - Advice of Change-AC (PCHL8010)
 - CS-138, Contractual Services Request (PCHL2117)
- DMB PurchOps Procedures & Policy Letters:
 - Signature Authority Letter
 - Bid Tab Checklist
 - State Administrative Board Procedures and Resolutions
 - PurchOps Internal Procedures for amendment processing
- Procurement documentation:
 - Notice of Contract with all executed Contract Change Notices (CCN)
 - Purchase Order with any posted Advices of Change (AC)
 - Negotiations results/memos/letters
 - Contract Folder Tabs 1-6

APPROVALS: Agency & PurchOps: Internal and external approvals must be obtained and documented according to agency policies and procedures, including provisions surrounding signature authority.

PROCEDURES:

Agency:

- Must follow their department's procurement policies and procedures, recognizing that the policies and procedures of the delegating authority supersede those of the department in the event of a conflict.
- CCI completes a PRF for the requested modification(s).
- If the requested modification is to be applied to a PO or BPO within the department's delegated authority, and the changes will not increase the value beyond the department's delegated authority, agency buyer completes the contract abstract (SAB-811) or AdBd approval request form currently required, in accordance with published processes and procedures (including memorandums of understanding), and submits to the AdBd secretary according to the published due date (see procedures 0620.01 & 0620.02 regarding Submissions to the Finance and Claims Committee and Obtaining State Administrative Board Approval).
- If the request lies within the department's delegated authority, upon receiving "Approved" stamped contract abstract from AdBd, processes an advice of change within MAIN (PCHL8010), updates and posts the modified PO or BPO (PCHL2350 or PCHL2342).
- If the modification(s) lie(s) outside the department's delegated authority forwards the completed and signed PRF along with documentation supporting the request for change, to PurchOps through the DMB-ACQ Point for review, negotiations and processing.
- Provides all attachments (statement of work, justifications, terms and conditions signed by vendor) to PurchOps contract administrator assigned to review and process the amendment.
- Refers any inquiries from the vendor regarding the requested amendment to the PurchOps buyer.
- CCI adjusts the contract compliance monitoring report to incorporate any new items affecting vendor and/or state contract obligations relative to the requested modification(s).

PurchOps:

Procedure 0610.02

Distribution Date: 10/31/2007

- PurchOps contract administrator reviews PRF and attached documentation submitted by agency buyer and contacts CCI to discuss any impact the requested modifications may have on the contract risk assessment report and/or action plan, as well as any other items which may impact contract monitoring activities.
- Reviews all attachments provided by agency (statement of work, justifications, terms and conditions signed by vendor). Requests incorporating price changes, must always include documentation/justification to allow processing.
- Reviews existing contract and change notices to determine if the request truly represents “new work” or if in fact the item(s) are already part of the existing contract, and should be covered by budget dollars already allocated.
- If the determination is made that the request contains item(s) which the vendor was already required to provide within the existing contract parameters, and at no extra cost, PurchOps contract administrator will serve as the liaison between the agency and vendor representative to meet the contract requirements without added cost.
- If the requested item(s) are found to truly be outside the current PO/BPO requirements, PurchOps contract administrator proceeds as follows.
- Determines whether the change should be incorporated into the existing contract/purchase order as requested, or if it would be best to go out for competitive solicitation for the new and/or modified products and/or services.
- Prepares for negotiations by discussing desired outcomes, consideration options, etc. with CCI prior to scheduling negotiations.
- Conducts negotiations with vendor surrounding, pricing, terms, and quality, if necessary. PurchOps buyer may invite CCI to attend negotiations as well.
- Completes the bid tab form according to the template approved for an amendment.
- Upon receiving the “Approved” stamped bid tab from the AdBd, PurchOps, processes the advice of change within MAIN, updates and posts the modified PO or BPO according to policy and signature authority.
- Obtains modified contract compliance monitoring report from CCI incorporating any new items resulting from the amendment.
- Updates the contract file with all documentation surrounding the amendment.

AUTHORITY: Relevant Acts:

- Public Act 2 of 1921, as amended.
- Michigan Constitution of 1963, Article V, ' 8.
- Revised Statutes 1846, c. 12, as amended.
- Executive Directive 1991-5
- Public Act 431, of 1984 as amended (Governing Authority) w/ accompanying Agency Memorandums of Understanding (MOU).

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